

HOUSE BILL REPORT

HB 2756

As Reported by House Committee On: Finance

Title: An act relating to allowing medicare supplement insurance premiums to be deducted from the calculation of disposable income for the purpose of qualifying for senior property tax programs.

Brief Description: Allowing medicare supplement insurance premiums to be deducted from the calculation of disposable income for the purpose of qualifying for senior property tax programs.

Sponsors: Representatives Driscoll, Parker, Haler, Ormsby, Lias, Pettigrew, Kelley, Sullivan, Green, Moeller, Simpson, Darneille, Morrell, Pearson, Hurst, Chase and Santos.

Brief History:

Committee Activity:

Finance: 2/9/10 [DPS].

Brief Summary of Substitute Bill

- Deducts medigap and other medicare supplement insurance premiums from the income calculation used for senior citizens and retired persons property tax relief programs.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

Staff: Susan Howson (786-7142).

Background:

Some senior citizens and persons retired due to disability are entitled to property tax relief on their principal residences. To qualify, a person must be age 61 in the year of application,

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retired from employment because of a disability, or 100 percent disabled due to military service; must own his or her principal residence; and must have a disposable income of less than \$35,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a property valuation freeze.

Disposable income is defined as the sum of federally defined adjusted gross income and the following, if not included: capital gains; deductions for loss; depreciation; pensions and annuities; military pay and benefits; veterans' benefits except attendant-care and medical-aid payments; Social Security and federal railroad retirement benefits; dividends; and interest income.

Some costs may be deducted from the disposable income total as follows: payments for the care of either spouse received in the home; a nursing home, boarding home, or adult family home; payments for medicare insurance premiums; and payments for prescription drugs.

Summary of Substitute Bill:

Medigap and other medicare supplement insurance premiums may be deducted from the combined disposable income total when computing the retired person property tax reduction.

Substitute Bill Compared to Original Bill:

A technical change was incorporated to allow medigap to be deducted from the combined disposable income calculation.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Our low-income elderly are really hurting right now with the current economic conditions. Seniors that are on fixed incomes are facing a growing tax burden as their property values increase. These people have been taxpayers and home owners for several years. We already provide deductions for medicare part A premiums, so we should provide one for medicare part B and part D premiums. We need to recognize the importance of keeping these people in their homes.

(Opposed) None.

Persons Testifying: Representative Driscoll, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.